

6.1

CEF Steering Committee Agenda

7/15/14 – 8:00am

- **CEF Program**
 - Debrief on Governor's CEF Event at Uni Energy
- **MESA 1a**
 - **Detailed Design:**
 - A Supplemental Agreement to the Scope of Work needed to ensure that the MESA 1b energy storage containers will be compatible with the final site design. This will be signed by 1Energy and the District.
 - 1Energy and the District are working to finalize the detailed civil design.
 - 1Energy finalizing drawing list for exhibit A
- **MESA 1b**
 - **NTP for Milestone 0:** The PUD and 1Energy are currently working through the System Design and Project Plan, Document Delivery Schedule to agree on the Scope of Work for Milestone 0.
- **MESA 2**
 - **Next Steps:** Develop contract for 1Energy to perform MESA 2 project.
- **ESO**
 - OATI - Requested answers to list of questions and demo of several use cases from OATI. OATI requested a 3 hour delivery meeting where their team would be on site - 8/13, 8/14 or 8/15.
 - 1Energy?
- **BPA Technology Innovation Fund Application**
 - A announcement of Intent to Award to PUD received on July 2.
 - 2 deliverables due on 7/31
- **CEA to develop MESA (see email thread below)**
 - Discuss proposal
 - PUD Point Person
 - Seed monies
 - Invitees

Action Items:

	Task	Owner	Due	Comp.	Comments
1.	Hire project manager for MESA 2 and ESO.	Will O.	7/21/14		A candidate has been selected and offer made.
2.	Identify a resource to champion the ESO from a technical perspective	Brian H.	4/30/14		Currently this is Brian Hurlbert
3.	Identify if OATI is the only vendor with a working solution for ESO.	Brian H. & Will O.	7/25/14		Site visit complete. Next step to request software demo
4.	Identify PUD point person	Craig C.	4/25/14		No further action until ESO

6.1

	for BPA Technology Innovation Fund Application				direction is clearer.
--	--	--	--	--	-----------------------

Completed Items:

	Task	Owner	Due	Comp.	Comments
1.	CEF – Commission Resolution and Contract Signing	Craig C.	7/8/14	7/8/14	Who has countered signed original?
2.					

Attached

Hi Rogers...we are discussing this at a meeting tomorrow morning, so will be back in touch following that. Can you resend the document attached to your last email though? It wasn't opening for me...thanks.

Craig W. Collar | Assistant General Manager

Power, Rates & Transmission

Public Utility District No. 1 of Snohomish County

Tel: (425) 783-1825 cwcollar@snopud.com**From:** Rogers Weed [<mailto:rogersw@1energysystems.com>]**Sent:** Monday, July 14, 2014 2:25 PM**To:** Collar, Craig**Cc:** David Kaplan; Chaney, Holly; Tom Melling**Subject:** RE: MESA Recap/Next Steps

Hi Craig,

Checking in on this: would you like to meet or get on the phone about this? If the info down below makes sense to you, the next steps are to use attached draft email to either call or email folks asking for their participation as Founding Members. Here's the list we have at the moment of who we thought we should target and who could do the ask:

MESA Seed Funding Initial Targets

Puget Sound Energy (Steve to Kimberly)

SMUD – would be helpful to California support have a CA utility (PUD person)

UniEnergy (PUD person)

Parker (PUD or 1Energy person)

LG Chem (PUD person – Chris?). I'm going to send an email to folks we met at ESA to see if I can get this one started sooner since Andrew would like a battery manufacturer (preferably Lion) engaged in the technical work sooner rather than later and they seem like the best candidate. This is separate, though, from the dollar ask which will need to be to an executive level.

Mitsubishi (TomM to help figure out)

Black & Veatch (PUD person)

Rosenden (??)

Alstom (PUD person)

Let me know how you'd like to proceed.

CEF Steering Meeting Agenda 071514

2

6.1

Thanks...Rogers

From: Rogers Weed [mailto:rogersw@1energysystems.com]
Sent: Thursday, July 10, 2014 2:54 PM
To: 'cwcollar@snopud.com'
Cc: David Kaplan; 'hrchaney@snopud.com'; Tom Melling
Subject: RE: MESA Recap/Next Steps

Hi Craig,

I'm back and ready to ramp our MESA work back up. See below for my comments on the action item list I generated after our last meeting. Look forward to hearing back from you on this. Let me know if you'd like to meet or get on the phone to discuss this further or just swap email.

Thanks...Rogers

From: Rogers Weed [mailto:rogersw@1energysystems.com]
Sent: Thursday, June 12, 2014 11:33 AM
To: 'cwcollar@snopud.com'
Cc: David Kaplan
Subject: MESA Recap/Next Steps

Craig,

Thanks for your time the other day to get in sync about moving MESA forward.

Here's what I think we agreed are the next steps:

CEA is an environmental
PR firm. MESA

1. We need to move administration of MESA away from 1Energy to increase its credibility with the industry. We have identified an organization in California (called CEA) that we think will be good. I'm on a call with them today to warm them up and get a sense of budget needed to retain them for the next year or so.

Status: I have swapped two rounds of draft proposals with CEA for helping us – we're closing in on a task list and ballpark budget. I think the full list of things we need done will probably cost ~\$100K over the course of a year.

2. We need to raise some seed funding to pay for this administration. I believe we're both in for \$10K and, based on our discussion, that this should be our level of ask from others. My sense is that if we can get 3-4 others committed, we can probably move ahead with retaining CEA and then get another handful beyond that to take us through our first year. The current target list is down below with initial thoughts on who might do the ask. If you could socialize this with Steve, Chris and others at the PUD and see who we think is the best option to ask each candidate, that would be great.

Status: If \$100K is what we need, then our target is ten founding members at \$10K each, but we can probably pull the trigger with CEA once we have 6-7 commitments which means 4-5 more to join the two of us. Would love an update from you on any discussions you've been able to have with Steve, Chris et al on point people for making this ask with the list below. Clearly, we're relying on the PUD to do most of the asking given that you are the customer for a number of these folks and a peer for others.

standards alliance Program
Manager Daray wheels is
an employee of CEA.
see pic on pg 2 of Highlights

6.1

3. I will work on developing a MESA one-pager and a draft email ask that our askers can use as a script for a call and then as a follow-up. This will not be done until I get back in early July.

Status: Attached you can find a draft of a MESA one-pager and an email ask. I will have the one-pager finalized early next week. Hopefully the email can serve as talking point guidance for a call or perhaps a warm-up message sent before a follow-up call. Let me know if there's more I can do here to get folks prepped to do this.

4. We will be looking to ESNA in late September as a place to rollout more MESA news and build more momentum. We should have several MESA-device specs available by then and hopefully an organization that can help us call meetings, solicit and enroll members, run the website, etc.

Status: Still on track for this. We now have two different speaking spots on the program at this show and will look for more opportunities, especially if we can make some progress on this task!

5. We will continue to track and work the California EPIC investment program to get them to carve out a pot of money for supporting open standards as a source of supporting revenue to MESA perhaps in the 2H2015 timeframe.

Status: CEA will be the lead for us here and is very well positioned to spearhead this for us.

6. When I return in early July, I will do some more digging into OpenADR for lessons learned that we might benefit from, per your comment.

Status: Still need to do this.

Let me know if I missed anything Craig. Otherwise, I will be back to you in two weeks to finalize who's asking who and to get that going in earnest. If you have any MESA questions while I'm gone, feel free to contact Daniel Malarkey here.

Thanks...Rogers

MESA Seed Funding Initial Targets

Puget Sound Energy (Steve to Kimberly)

SMUD – would be helpful to California support have a CA utility (PUD person)

UniEnergy (PUD person)

Parker (PUD or 1Energy person)

LG Chem (PUD person – Chris?). I'm going to send an email to folks we met at ESA to see if I can get this one started sooner since Andrew would like a battery manufacturer (preferably Lion) engaged in the technical work sooner rather than later and they seem like the best candidate. This is separate, though, from the dollar ask which will need to be to an executive level.

Mitsubishi (TomM to help figure out)

Black & Veatch (PUD person)

Rosenden (??)

Alstom (PUD person)

Rogers Weed

VP, Product Management

Tel 206.234.8450



811 First Ave, Suite 510
Seattle, WA 98104

6.2

PROFESSIONAL SERVICES AGREEMENT (MESA 3)

This Contract is entered into on April ____, 2015 (the "Effective Date"), by and between IEnergy Services, LLC (IEnergy), located at 811 First Ave., Suite 510, Seattle, Washington, and Public Utility District No. 1 of Snohomish County (the District), located at 2320 California Ave., Everett, Washington.

WHEREAS,

The District, together with IEnergy, has been developing and is in the process of deploying modular energy storage systems using the Modular Energy Storage Architecture ("MESA") to build energy storage systems;

The District wishes to expand the MESA energy storage assets to deploy and field test another battery based on the MESA standards (the "MESA 3 System"), in order to further promote the MESA standards for the industry, and gain additional experience with a different battery and at a different substation; and

IEnergy possesses the expertise to work with and oversee battery and PCS vendors to enable the deployment of MESA technologies with new battery chemistries;

Therefore, the parties to this Contract agree as follows:

I – SCOPE OF WORK

IEnergy shall (1) develop the System Design and Project Plan for MESA 3 System as further described in the following documents:

- Exhibit 1: MESA 3 ESS – Statement of Work ("SOW")
- Attachment A: MESA 3– Technical Requirements ("Technical Requirements")
- Attachment B: Conceptual Design and Preliminary Project Plan;

and (2) subject to District approval of the System Design and Preliminary Project Plan, develop and deploy the MESA 3 System (collectively the "Work"), and shall perform all other technical tasks required to ensure that all aspects of the Work meet the requirements and specifications set forth elsewhere in this Contract, except as otherwise specifically set forth in the SOW.

II – INDEPENDENT CONTRACTOR

It is understood and mutually agreed upon by the parties that IEnergy shall perform the Work as an Independent Contractor and not as an agent or employee of the District.

III – TERM, NOTICE TO PROCEED AND TIME OF PERFORMANCE

The term of this Contract shall begin on the Effective Date and continue for a period of eighteen (18) months following IEnergy's receipt of the District's written authorization to proceed with the Work (the "Design Notice to Proceed") or such other date that the parties mutually agree upon in

6.2

writing (the "Completion Date"). Promptly after receiving the District's Design Notice to Proceed, 1Energy shall begin to develop the System Design and Project Plan (the "Plan"). 1Energy will not begin any work on the Plan until 1Energy receives the Design Notice to Proceed with respect to such Plan. Any costs incurred by 1Energy or its subcontractors prior to its receipt of the Design Notice to Proceed shall not be reimbursed by the District. Furthermore, 1Energy and its subcontractors will not begin the Work described in the Plan (e.g. procuring equipment and hardware) until 1Energy receives a "Construction Notice to Proceed" with respect to such Plan. 1Energy shall complete all specified contract Work, including submission of reports and other required documentation, within the schedules set forth in the SOW and the System Design and Project Plan. Except as otherwise provided in this Contract, any revision of such schedules shall be by mutual agreement, in writing, between the District and 1Energy.

Either party may terminate this Contract for any reason or for no reason after 1Energy delivers to the District the System Design and Project Plan but before the District delivers to 1Energy the Construction Notice to Proceed with respect to the Work described in the Plan.

IV - COMPENSATION AND PAYMENT

- A. Progress payments shall be established by identifiable milestones associated with the Work, as more fully specified in Section 4 of the SOW. Payments shall not become due until the identified milestone and all previous milestones have been accomplished as described in the SOW.
- B. Invoices for progress payments shall be submitted by 1Energy to the District upon completion of the applicable milestone described in the SOW, provided, however, that in the event of a delay by the District described in Article VII, Section A, 1Energy may submit an invoice for expenses incurred since the last payment, together with a progress report for the then current milestone. All invoices shall clearly identify the applicable milestone number, shall describe and document, to the District's satisfaction, a description of the work performed and shall include the Commerce contract reference number (_____). The Contract Price (as defined in the SOW) for the Work is inclusive of all taxes, fees, excises, and charges that are now or hereafter imposed by public authority. Invoices must include itemization of any services rendered, or equipment shipped, in sufficient form and detail to permit review by the District. 1Energy shall submit a separate invoice for each progress payment or other payment (for example, extra work) identified in the SOW. Invoices shall be submitted electronically or in triplicate and directed to the attention of the District Project Leader. Payment terms shall be net 30 days from receipt of payment invoice.
- C. Payment for a milestone shall not forfeit the District's right to inspect and accept the Work and its documentation, nor shall the withholding of any payment, or prorated portion thereof, preclude the District from pursuing any other rights or remedies it may have under the Contract, in law or in equity.
- D. Payments not made within 30 days from receipt of payment invoice, together with all applicable documentation or deliverables supporting the milestone and the invoice, shall be subject to late charges equal to the lesser of (a) one percent (1%) per month of the overdue amount or (b) the maximum amount permitted under applicable law, provided, however, that

when the District has delivered to 1Energy a written notice, within ten (10) days of receipt of such invoice and supporting documentation, identifying the reasons it believes the payment is not yet due, no late charges shall accrue from the date of the invoice until the date the dispute is finally resolved. The District will reimburse 1Energy for any costs or expenses (including, but not limited to, reasonable attorney fees) incurred by 1Energy to collect any amount that is not paid by the District when due. Unless the written notice described above has been submitted by the District, if an invoice remains unpaid forty-five (45) or more days from the invoice date, 1Energy may, in its discretion, suspend providing the Work without any liability to 1Energy until such invoice is paid in full, and any applicable schedule automatically will be revised to accommodate such suspension of the Work.

- E. 1Energy shall present a subcontract to Tesla Motors, Inc., a Delaware corporation ("Tesla"), which provides 1Energy shall make all payments to Tesla, and Tesla has no recourse against the District. If 1Energy reasonably believes that Tesla will not enter into such subcontract without the ability to be paid directly by the District, then the District, in its sole discretion may authorize 1Energy in writing to include a provision in the subcontract with Tesla that 1Energy will forward Tesla's invoices for Milestone Payments C-F for direct payment from the District to Tesla. If and only if the District has authorized such terms for Milestones C-F, then 1Energy may forward directly to the District, as part of the documentation supporting such payment request, the invoice from Tesla that corresponds to any amounts payable to Tesla in connection with such milestone, and the District will make payment directly to Tesla in the manner requested and on the terms specified in such invoice.

V – ASSIGNMENT AND SUBCONTRACTS

Except as otherwise provided in this contract, this contract shall not be assigned by either party, either in whole or in part, without the prior written approval of the other. Any attempted assignment without such written consent shall be void.

- A. Consistent with the System Design and Project Plan, 1Energy may enter into contracts with other firms for services not normally performed by 1Energy; provided that 1Energy must obtain prior written consent from the District, which shall not be unreasonably withheld.
- B. 1Energy shall also include a provision in all subcontracts that, in the event 1Energy's services are terminated by the District pursuant to Article XXV, Section A; the District shall have the right to assume 1Energy's rights and obligations under the subcontract at the District's option.

VI – TEST AND INSPECTIONS

1Energy shall conduct at its responsibility and expense all tests and inspections called for by the SOW. 1Energy shall repair and replace, without cost or unreasonable delay, anything found defective by tests and inspections and also conduct at its own responsibility and expense re-inspection and retesting as necessary to ensure that the defects have been corrected and no additional defects have been introduced. Any inspection required by statutory authority, governmental regulation, or other similar authority on the codes or standards must be carried out by 1Energy at its authority and expense; except that the District shall be solely responsible for

6.3



State of Washington Business Licensing Service

[Contact us](#) | [Forms](#) | [About us](#)
[Home](#) | [Start your business](#) | [Change or update your business information](#) | [How to renew your license](#)

Search Business Licenses

License Information:
Entity Name: SIGNAL LIFT CORPORATION

Business Name: SIGNAL LIFT CORPORATION

License Type: Washington State Business

Entity Type: Profit Corporation

UBI: 603455682 **Business ID:** 001 **Location ID:** 0001

Status: To check the status of this company, go to [Secretary of State](#) and [Department of Revenue](#).

Location Address:

 23232 NE 21ST PL
 SAMMAMISH, WA, 98074-6561

Mailing Address:

 23232 NE 21ST PL
 SAMMAMISH, WA, 98074-6561

Licenses Held at this location
[Sammamish General Business](#)
Status
[Active](#)
Expires

12/31/2015

First Issued

12/30/2014

Governing People:

 JULIE VARNESS
 MARK CHEALANDER
 TOM MELLING

Information Current as of 03/24/2015 6:44AM Pacific Time

[New Search](#)

This site is limited to searching for business licenses issued through the Washington State Business Licensing Service.

[Contact us](#) | [Forms](#) | [About us](#) | [Privacy](#)

©2011 Washington State Department of Revenue and its licensors. All rights reserved.

6.4

From: Beberness, Benjamin
Sent: Monday, March 02, 2015 5:10 PM
To: Hall, Kristin; Voorhies, Janet
Subject: Fwd: Data discussion/new language/proposal
Attachments: PUD-Signal Lift Services Agmt3-2G.docx; ATT00001.htm

see doc
6.5

FYI. Sounds like we are all good.

Regards,

Benjamin Beberness
Snohomish PUD
Chief Information Officer
Information Technology Services
Phone: 425-783-8783
Fax: 425-267-6195
bjbeberness@snopud.com

Sent from my iPad

Begin forwarded message:

From: Gordon Matlock <gordon.matlock@signallift.com>
Date: March 2, 2015 at 4:58:36 PM PST
To: "Beberness, Benjamin" <BJBeberness@snopud.com>
Subject: Re: Data discussion/new language/proposal

Benjamin,

You bet. Attached is the version we are good with. It is the original version Kristin sent (with her track changes/comments still showing...so you/she know we are good with those modifications and for an easy re-review by you and her.) Also, we've inserted Mark Chealander's name into the document.

We are absolutely good with everything here. All Kristin would need to do is "accept" her track changes/comments.

Let me know if you'd like me to send an absolutely clean version. Happy to do that too.

Talk soon. Many thanks, Benjamin.

Kind Regards,

GM

On Mon, Mar 2, 2015 at 4:21 PM, Beberness, Benjamin <BJBeberness@snopud.com> wrote:

6.4

Thanks Gordon. Would you send the latest version you are good with so I make sure to move forward with that one.

Benjamin

From: Gordon Matlock [mailto:gordon.matlock@signallift.com]
Sent: Monday, March 2, 2015 7:07 AM

To: Beberness, Benjamin
Subject: Re: Data discussion/new language/proposal

Benjamin,

I trust you and the family had a great weekend. Thanks for passing along response/comments.

We agree to everything you and your colleagues have proposed and suggested. Please let us know if there is anything else we can provide to you.

In other news, Signal Lift will be making an announcement this week regarding a major national security figure who will be joining the company.

We look forward to working with you and forming this unique cyber partnership, Benjamin.

I stand by.

Kind Regards,

Gordon

202-870-9125 cell

6.4

On Fri, Feb 27, 2015 at 4:35 PM, Beberness, Benjamin <BJBeberness@snopud.com> wrote:

The confidentiality provision is unfortunately a difficult one to resolve. We am fine with the references to the "Customer Information" and the "Reports" (as per your revised language), but for the reasons set forth in the Districts original comments within the Agreement, we can't agree to the reference to the "price of the Agreement" as constituting "Confidential Information" subject to the restrictions on disclosure set forth in Sections 2.2.

To be more specific, Directive 70 requires that all professional or miscellaneous contracts with a total value of \$200,000 or over (during the life of the contract) must be approved by the Board, which can only take such action at an open public meeting. Even though the amount payable for the pilot period is below this amount, this threshold will be reached as soon as we exercise the renewal option, which will require a contract amendment raising the total amount of the contract to \$480,000 (\$80,000 initial amount plus \$200,000 for each year of the two-year renewal term). In order for the Board to approve the amendment in accordance with Directive 70, staff will need to provide a consent agenda summary form which includes a general description of the services to be performed under the contract amendment, the term of the contract, as amended, and the amount we are paying for such services. (While we sometimes agree not to include detailed sub-pricing in this summary, such as the amounts associated with individual cost elements such as licenses, professional services and maintenance, those elements are not present here as there is only one category of services for which we are paying.)

This must all occur at a public meeting and will become a part of the public record associated with the purchase, all of which would violate the restrictions set forth in Section 2.2 of the Service Agreement. In addition, this same information will need to be presented to the Board in connection with any future renewals of the Agreement, and the amounts payable under the contract will presumably also show up in a multitude of other miscellaneous documents subject to public records requests (including but not limited to the voucher approval lists presented to the Commissioners at each meeting), so it simply isn't something we can agree to keep confidential.

Regards,

Benjamin Beberness
Snohomish County PUD
Chief Information Officer

Information Technology Services

Phone: 425-783-8783

6.4

Fax: 425-267-6195

bjbeberness@snopud.com

From: Gordon Matlock [<mailto:gordon.matlock@signallift.com>]

Sent: Monday, February 23, 2015 7:32 AM

To: Beberness, Benjamin

Subject: Re: Data discussion/new language/proposal

Benjamin,

I trust you and the family had a great weekend. Thank you for the revised contract from Kristin Hall. We (our counsel) have accepted almost all of her comments, with the exception of two small items;

- We generally accepted the revisions to Section 2.1 of the Standard Terms & Conditions related to Confidentiality. However, we would like to request that the price we have offered to the District remain confidential. This is very special pricing we are offering to the District, and it would be problematic for our business if this pricing were disclosed publicly.
- We feel strongly about the choice of venue provision for several reasons. We believe it is fair to both sides (neither party is advantaged). Second, the clause encourages parties to reach a settlement rather than to litigate (if a party can't run to their backyard county they are more likely to make sure there is not a settlement that can be reached). Third, our business model is designed to keep the cost of the system as low as possible for all of our customers. This clause is one of the ways in which we make sure we can continue to offer the lowest price possible to our customers. Finally, while the only two relevant counties in this situation are Snohomish and King counties, this is a critical precedent for our business when dealing with companies all over the country.

Let us know if these last small revisions are acceptable (attached, along with DARPA data share agreement). We stand by, and look forward to formalizing this unique cyber partnership.

Kind Regards,

Gordon

202-870-9125 cell

6.4

On Fri, Feb 20, 2015 at 2:17 PM, Beberness, Benjamin <BJBeberness@snopud.com> wrote:

Thanks for the follow-up. Here are Kristin's initial comments.

Regards,

Benjamin Beberness
Snohomish PUD
Chief Information Officer
Information Technology Services
Phone: [425-783-8783](tel:425-783-8783)<<tel:425-783-8783>>
Fax: [425-267-6195](tel:425-267-6195)<<tel:425-267-6195>>
bjbeberness@snopud.com<<mailto:bjbeberness@snopud.com>>

Sent from my iPad

Begin forwarded message:

From: "Hall, Kristin" <KKHall@snopud.com<<mailto:KKHall@snopud.com>>>
Date: February 17, 2015 at 4:21:04 PM PST
To: "Beberness, Benjamin"
<BJBeberness@SNOPUD.com<<mailto:BJBeberness@SNOPUD.com>>>, "Voorhies, Janet"
<JAVoorhies@snopud.com<<mailto:JAVoorhies@snopud.com>>>
Cc: "Barnes, Jan" <JEBarnes@SNOPUD.com<<mailto:JEBarnes@SNOPUD.com>>>
Subject: FW: Data discussion/new language/proposal

Dear Benjamin and Janet:

I have attached a modified version of the Agreement showing my recommended comments and changes. (Please note that I am assuming that you will work with Contracts/Purchasing to ensure that all applicable procurement requirements are met with respect to the contract, so have focused my attention on the terms and conditions of the contract itself.)

nobody in C&P has been contacted about possible conflict of interest or sole source issues. As of 3/26/15
In addition to the comments and proposed modifications shown within the document, I have a few general comments below, including one for Jan:

I'm guessing contract is already signed.

• Jan, this Agreement does not include any insurance requirements so I wanted to see if you thought any should be added. It does not look like the vendor will be handling any sensitive customer or financial data, but only data pertaining to the District's IT network traffic history, and I assume that there will be no on-site services performed by Signal Lift's employees.

• The DARPA Addendum references a Data Sharing Agreement between Signal Lift and DARPA (which will be performing certain data processing and analysis work) which includes, among other things, provisions governing how DARPA will be required to handle the District's Customer Data. Although this agreement has already been entered into, we should request a copy so that we understand what these requirements are and can ensure that we are comfortable with them.

• Section C.3 of the DARPA Addendum provides that even if DARPA's actions are

6.4
negligent or willful, the District will have no claim against DARPA for any claims or damages of any kind, including those arising out of DARPA's breach of its obligations under the Data Sharing Agreement. (However, we would of course be able to make a claim against Signal Lift for such damages.)

If you have any questions or comments on the above, please don't hesitate to let me know. If not, you can forward my marked-up version of the contract to Signal Lift.

Best Regards,
Kristin

From: Beberness, Benjamin
Sent: Wednesday, February 11, 2015 9:06 PM
To: Hall, Kristin; Voorhies, Janet
Subject: Fwd: Data discussion/new language/proposal

Can you please review the attached Signal Lift contract? Much Appreciated.
Regards,

Benjamin Beberness
Snohomish PUD
Chief Information Officer
Information Technology Services
Phone: 425-783-8783<tel:425-783-8783>
Fax: 425-267-6195<tel:425-267-6195>
bjbeberness@snopud.com<mailto:bjbeberness@snopud.com>

Sent from my iPad

Begin forwarded message:

From: Gordon Matlock
<gordon.matlock@signallift.com<mailto:gordon.matlock@signallift.com>>
Date: February 11, 2015 at 6:37:10 AM PST
To: "Beberness, Benjamin" <bjbeberness@snopud.com<mailto:bjbeberness@snopud.com>>
Subject: Data discussion/new language/proposal

Benjamin,

We are looking forward to our call this morning to discuss data transfer. On the heels of the data discussion, I would like to briefly discuss with you the revised contract attached below (clean and marked versions) and see if we can make SNOUD and Signal Lift/DARPA joint cyber partners. We have modified the agreement to address your comments and have turned this agreement into a 4-month pilot to streamline the process and also provide SNOUD with a right to renew on special terms.

For many reasons, we believe there are multiple benefits to both SNOUD and Signal Lift (SL) if we can partner on cyber defense. A few data points for you to consider:

- It will be helpful to provide DARPA/SL with two months of data immediately. This will allow us to establish a baseline on your network and allow us to optimize the analysis of

the National Guard testing; along with identifying current activity on your network

· Beginning our cyber partnership will be a significant event for SL/DARPA as it relates to efforts for protecting the electric grid. As such, we propose a unique 4-month pilot agreement to you and SNOFUD to reflect that benefit

· Equally important, Harvey is currently exploring a strategic partnership for Signal Lift with a former FERC Chairman (of whom you know), who has been briefed on the capability and whom sees the DARPA technology as a critical tool for the protection of the national grid. Getting the first utility partnership in place with Snohomish will be a key cornerstone of our engagement with the former FERC Chairman; along with the larger opportunity for both SNOFUD/SL to be a leader in the defense of this key critical infrastructure.

Many thanks in advance, Benjamin. Look forward to talking with you shortly.

Kind Regards,

Gordon

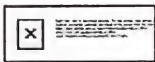
--

Gordon W. Matlock
Senior Vice President

[https://docs.google.com/uc?export=download&id=0B1co_tfPkt-yNVZYcVdTLWFLdU0&revid=0B1co_tfPkt-yaURYVmdmMCtnVlh5aDVtaUtMcEFDT0MzT2NjPQJ]
[202.870.9125](tel:202.870.9125)<tel:202.870.9125>
gordon.matlock@signallift.com<mailto:gordon.matlock@signallift.com>

--

Gordon W. Matlock
Senior Vice President



[202.870.9125](tel:202.870.9125)

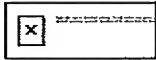
gordon.matlock@signallift.com

--

6.4

Gordon W. Matlock

Senior Vice President



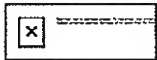
202.870.9125

gordon.matlock@signallift.com

--

Gordon W. Matlock

Senior Vice President



202.870.9125

gordon.matlock@signallift.com

6.5



THESE TERMS, INCLUDING THE QUOTED PRICE, ARE EFFECTIVE FOR 30 DAYS

SIGNAL LIFT™ SERVICE AGREEMENT

This SIGNAL LIFT™ SERVICE AGREEMENT (including all Addenda listed below, the "Agreement"), dated for reference purposes February 20, 2015 (the "Effective Date"), is entered into by Signal Lift Corporation ("Signal Lift") and Public Utility District No. 1 of Snohomish County ("Customer").

INITIAL PILOT

Pilot Work: Signal Lift will analyze the following data for Customer and provide the following reports:

<u>Data</u>	<u>Report for Data</u>
- Network data for the months of Dec. 2014 – Jan 2015	Report delivered within 20 business days after receipt of data
- Network data from Feb. 1, 2015 through the end of the Customer's penetration test by the National Guard	Report delivered with 10 business days after receipt of data

Pilot Term: The Pilot term will end after Signal Lift delivers all the Reports specified above. This Agreement shall not automatically renew. Customer may trigger an optional renewal term as provided below by providing written notice to Signal Lift not later than April 30, 2015.

Pilot Fee: Notwithstanding Section B1.2 of the Invoicing and Pricing Addendum, The total fee for the Pilot shall be \$80,000. Customer shall make an initial payment of \$40,000 within 30 days of executing this Agreement. Customer shall pay the remaining amount within 30 days after Signal Lift has completed the Pilot Work.

Implementation Fee: The Implementation Fee for the Pilot Work and any renewal term is waived.

DARPA: For both the Pilot and any renewal term, Signal Lift will assign the data processing and analysis work for Customer's information to DARPA under the terms and conditions set forth in the DARPA Addendum.

OPTIONAL RENEWAL TERM

Applicable only if renewed in writing by Customer

Term: After the initial pilot, Customer has the right to renew for an additional 2-year term, on the terms set forth below. If the Customer elects to renew, the renewal term shall be effective as of April 1, 2015, and shall expire on March 31, 2017.

Quarterly Fee: During the renewal term, Customer will pay \$50,000 at the end of each calendar quarter for work performed by Signal Lift during the Quarter. If Customer terminates the renewal term prior to completing a calendar quarter, Customer shall pay the prorated amount for the number of days prior to termination.

Report Frequency: Signal Lift will provide reports every month-and-a-half on 1st or the 16th day (whichever is applicable) of the month. If a Reporting date is on a weekend or U.S. holiday, Signal Lift will provide the Report the next business day. If Customer desires to change the Reporting Frequency, the parties will mutually agree on a price increase for such change in the Reporting Frequency.

Analysis Period: For each Report, the Analysis Period will be up to 3 months of data, although Signal Lift can still generate the Initial Report or later Reports if Customer has less data than the specified number of months.

Special Termination: In addition to the termination rights in Section 6 of the Standard Terms and Conditions, Customer may terminate the renewal term at any time for any or no reason, by giving written notice to Signal Lift.

OTHER TERMS INCORPORATED BY REFERENCE

This Agreement includes, and incorporates by this reference, the Addenda specified below:

- ☒ Standard Terms and Conditions (Contract Rev. 1.0)
- ☒ Statement of Work Addendum (Contract Rev. 1.0)
- ☒ Invoicing & Pricing Addendum (Contract Rev. 1.0-SnoPUD)

6.5

☒ DARPA Addendum (Contract Rev. 1.0)

EXECUTED by each party's authorized representative as of the date set forth above.

Signal Lift Corporation		Customer: _____	
By: _____		By: _____	
Name: <u>Mark Chealander Gordon W. Matlock</u>		Name: _____	
Title: <u>CEOSenior Vice President</u>		Title: _____	
Address: 23232 NE 21st Place		Address: _____	
Sammamish WA 98074		_____	
Fax: _____		Fax: _____	
Additional Customer AP Information			
AP Contract Name: _____		AP Contact Fax: _____	
AP Contact Phone: _____		AP Contact Email: _____	

6.5



Signal Lift™
STANDARD TERMS AND CONDITIONS
(Contract Rev. 1.0)

SECTION 1. PURPOSES; LICENSE; OWNERSHIP

1.1 Generally. Signal Lift shall provide to Customer the "Services" set forth in the Statement of Work Addendum ("SOW"), including delivering "Reports" at the Reporting Frequency specified on the Cover Page to Customer that provide an analysis of potential or actual unauthorized intrusions or uses of Customer's network, computers, or computer systems using the "Customer Information" described in the SOW.

1.2 License. Customer hereby grants Signal Lift a nonexclusive, irrevocable, royalty-free, worldwide license to the Customer Information and related derivative works to use, have used, edit, copy, format, reproduce, modify, and prepare derivative works of the Customer Information (including Reports) for the purposes of (i) providing the Reports and Services to Customer and (ii) improve, enhance and refine the Services made available to all Signal Lift customers ("Improvements"), provided Signal Lift shall not disclose information that identifies Customer as the source of such Improvements without Customer's prior written approval.

1.3 Ownership. All ownership rights, title, interest and copyrights in the Customer Information, the Reports and all copies thereof are owned by Customer, and all rights not expressly granted to Signal Lift are reserved by Customer. All ownership rights, title, interest and intellectual property rights in the Services shall be owned retained by Signal Lift, including suggestions and ideas regarding improvements to the Services.

SECTION 2. CONFIDENTIAL INFORMATION

2.1 Definition of Confidential Information. "Confidential Information" means all confidential and proprietary information of a party ("Discloser") disclosed to the other party ("Recipient"), whether orally or in writing, that is designated as confidential or that reasonably should be understood to be confidential given the nature of the information and the circumstances of disclosure, including ~~the terms and conditions of this Agreement (including pricing and other terms) (not appropriate for a public entity)~~, the Customer Information, the Reports and [the Services] ~~[this reference is too broad and will need to be narrowed; we need to be able to provide some general description of what we are purchasing in connection with Board approval of the contract, and any amendments to or renewals thereof]~~. Confidential Information shall not include any information that: (i) is or becomes generally known to the public without breach of any obligation owed to the Discloser; (ii) was known to the Recipient prior to its disclosure by the Discloser without breach of any obligation owed to the Discloser; (iii) was independently developed by the Recipient without breach of any obligation owed to the Discloser; or (iv) is received from a third party without breach of any obligation owed to the Discloser.

2.2 Protection, Limited Use. The Recipient shall not disclose Confidential Information of the Discloser to any third party except as expressly provided in this Agreement. Each party agrees to protect the confidentiality of the Confidential Information of the other party in

the same manner that it protects the confidentiality of its own proprietary and confidential information of like kind, but in no event shall either party exercise less than reasonable care in protecting such Confidential Information. This Agreement will not be interpreted or construed to prohibit: (i) any use or disclosure required by applicable law or judicial order, provided that the Recipient notifies the Discloser in advance (to the extent legally permitted) ~~and offers reasonable assistance, at Discloser's cost, if the Discloser wishes to contest the disclosure (not appropriate for a public entity)~~; (ii) disclosure of information that is not identifiable to Customer (e.g. anonymized information about types of cyber attacks at a conference or other public venue); (iii) ongoing research and analysis (but not disclosure) for improved cyber intrusion detection; or (iv) any use or disclosure made with the written consent of the Discloser.

3.3 Remedies. If the Recipient discloses or uses (or threatens to disclose or use) any Confidential Information of the Discloser in breach of this Section 2, the Discloser shall have the right, in addition to any other remedies available to it, to seek injunctive relief to enjoin such acts, it being specifically acknowledged by the parties that any other available remedies are inadequate.

SECTION 3. LIMITED WARRANTIES; DISCLAIMER

Signal Lift represents and warrants that the Services will be performed in a professional and workmanlike manner. EXCEPT AS SET FORTH HEREIN, THE SERVICES ARE PROVIDED "AS IS" AND WITHOUT ANY WARRANTY WHATSOEVER, AND SIGNAL LIFT HEREBY DISCLAIMS ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. CUSTOMER HEREBY ACKNOWLEDGES THAT (A) THE SERVICES MAY NOT IDENTIFY OR DETECT ANY OR ALL ILLEGAL OR UNAUTHORIZED INTRUSIONS INTO OR USES OF CUSTOMER'S NETWORK, COMPUTERS, OR COMPUTER SYSTEMS (COLLECTIVELY, "UNAUTHORIZED INTRUSIONS"), REGARDLESS WHETHER SUCH UNAUTHORIZED INTRUSIONS ACTUALLY OCCURRED OR ARE OCCURRING; AND (B) THE SERVICES WILL NOT REMOVE MALICIOUS CODE OR SOFTWARE AFFECTING CUSTOMER'S NETWORK, COMPUTERS, OR COMPUTER SYSTEMS, OR PROVIDE DETAILS HOW TO REMOVE MALICIOUS CODE OR SOFTWARE OR OTHERWISE CLEANS CUSTOMER'S NETWORK, COMPUTERS, OR COMPUTER SYSTEMS.

SECTION 4. INDEMNIFICATION

4.1 Indemnification Obligation. Signal Lift will indemnify, defend, and hold harmless Customer from and against all losses, damages, liabilities, costs, and expenses, including attorneys' fees and other legal expenses, incurred by Customer in connection with any third-party claim that the Services infringe or misappropriate any U.S. patent issued as of the Effective Date or any copyright or trade secret during the term of this Agreement.

6.5

4.2 Mitigation of Infringement Action. If the Services are, or in Signal Lift's reasonable opinion are likely to become, enjoined or materially diminished as a result of a proceeding arising under Section 4.1, then Signal Lift will either: (i) procure the continuing right to use the Services; (ii) replace or modify the Services in a functionally equivalent manner so that it no longer infringes; or if, despite its commercially reasonable efforts, Signal Lift is unable to do either (i) or (ii), Signal Lift may terminate this Agreement.

4.3 Indemnification Conditions. All indemnification obligations under this Agreement will be conditioned upon: (i) prompt written notice by Customer to Signal Lift of the claim for which indemnity is sought; (ii) reasonable information, assistance and cooperation by Customer, at Customer's expense, in defending or responding to the claim as Signal Lift may request; and (iii) complete control and sole authority by Signal Lift over the defense and settlement of the claim.

SECTION 5. LIMITATION OF LIABILITY

5.1 Limitations of Special Damages. UNDER NO CIRCUMSTANCES WILL EITHER PARTY BE LIABLE FOR ANY INDIRECT, SPECIAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE SERVICES.

5.2 No Liability For Force Majeure. SIGNAL LIFT WILL HAVE NO LIABILITY FOR ANY FAILURE OR DELAY IN THE PERFORMANCE OF ITS OBLIGATIONS HEREUNDER DUE IN WHOLE OR IN PART TO ANY CIRCUMSTANCES BEYOND SIGNAL LIFT'S REASONABLE CONTROL. IF ANY SUCH FORCE MAJEURE CONDITION SUSPENDS OR PREVENTS SIGNAL LIFT'S PERFORMANCE HEREUNDER FOR A PERIOD OF THIRTY (30) DAYS, CUSTOMER MAY TERMINATE THIS AGREEMENT.

5.3 Maximum Liability. IN NO EVENT WILL EITHER PARTY'S AGGREGATE LIABILITY (WHETHER ARISING IN TORT, CONTRACT, OR OTHERWISE) EXCEED THE CUMULATIVE FEES PAID BY CUSTOMER TO SIGNAL LIFT DURING THE TWELVE MONTHS PRECEDING THE EVENT GIVING RISE TO THE LIABILITY; PROVIDED, HOWEVER THAT THIS LIMITATION DOES NOT APPLY TO SIGNAL LIFT'S INDEMNIFICATION OBLIGATIONS SET FORTH IN SECTION 4.

SECTION 6. TERMINATION

6.1 Termination for Cause. Either party may terminate this Agreement in the event of a breach by the other party that, if capable of being cured, is not cured within thirty (30) days after the provision of written notice from the non-breaching party.

6.2 Survival. The rights and obligations contained in this Section 6.2; Sections 1.3 ("Ownership"), 2 ("Confidential Information"), 3 ("Limited Warranties; Disclaimer"), 4 ("Indemnification"), 5 ("Limitation of Liability"), 8 ("Arbitration; Statute of Limitations"), and 9 ("General Terms") of the Standard Terms & Conditions; and Section B1 of the Invoicing & Pricing Addendum will survive any termination or expiration of this Agreement.

SECTION 7. CUSTOMER LIST

After delivery of the first Report, and so long as Signal Lift complies with this Agreement, Signal Lift may include Customer's name in a list of customers that it discloses only to prospects who have a obligation to keep such customer list confidential.

SECTION 8. ARBITRATION; STATUTE OF LIMITATIONS

Except for the right of either party to seek a preliminary injunction or other equitable relief to prevent irreparable harm, any disputes that cannot be resolved by the parties and arise out of or relate to this Agreement (including any tort or statutory claim) ("Arbitrable Claims"), must be determined by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. The arbitrator shall issue written findings of fact and conclusions of law. The award shall be binding and may be entered as a judgment in any court of competent jurisdiction. No action arising out of or related to this Agreement may be brought by any party hereto more than one year after such party has knowledge of the facts that are the basis for the claim.

SECTION 9. ADDITIONAL OBLIGATIONS OF SIGNAL LIFT

The parties hereby incorporate 41 C.F.R. 60-1.4(a)(7); 29 C.F.R. Part 471, Appendix A to Subpart A; 41 C.F.R. 60-300.5(a)(1); and 41 C.F.R. 60-741.5(a)(6), if applicable. Signal Lift and its subcontractors shall abide by the requirements of 41 C.F.R. 60-300.5(a) and 41 C.F.R. 60-741.5(a). These regulations prohibit discrimination against qualified protected veterans, and qualified individuals on the basis of disability, respectively, and require affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans and qualified individuals with disabilities, respectively.

SECTION 10. GENERAL TERMS

This Agreement constitutes the complete and exclusive agreement between the parties, and supersedes any and all other agreements between the parties, oral or written, regarding the subject matter. No ambiguity will be construed against either party based upon a claim that that party drafted the ambiguous language. This Agreement may not be modified unless each party executes a separate written instrument. Notices required or permitted under this Agreement must be transmitted via facsimile, overnight courier, or certified or registered mail, and will be deemed effective upon confirmation of receipt. If any provision of this Agreement is held to be unenforceable, such provision shall be reformed only to the extent necessary to make it enforceable, which shall not affect the enforceability of the Agreement's remaining provisions. This Agreement is governed by the laws of the State of Washington, without regard to conflicts of law principles. Any claim arising out of or in connection with this Agreement must be brought in the ~~county in which is located the corporate headquarters of the party against whom such claim is brought~~ Snohomish County, Washington. Omission or delay by either party to enforce any right or remedy reserved to it, or to require performance by the other party of any of the terms or provisions stated within this Agreement, may not be interpreted as a waiver of any such right or remedy to which that party is entitled. Except as otherwise provided in this Agreement, neither party may assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the other parties (which consent will not be unreasonably delayed or withheld), except that a party may assign all of its rights and obligations under this Agreement to a successor (whether by sale, acquisition, merger, operation of law, or otherwise). This Agreement

Formatted: Font: Not Bold

6.5

will be binding upon and inure to the benefit of the parties and their respective permitted successors and permitted assigns.

6.5



Signal Lift™
STATEMENT OF WORK ADDENDUM
(Contract Rev. 1.0)

This Statement of Work Addendum specifies the "Services" that Signal Lift will provide to Customer, and the Customer's responsibilities.

A1. DESCRIPTION OF CUSTOMER INFORMATION AND FORMAT NEEDED FOR SERVICES

The "Customer Information" includes any and all of the network traffic history from the following sources:

- Netflow logs
- IDS logs
- Web logs
- Email headers
- Other network data sources at discretion of Customer and Signal Lift

The data shall be in a consistent, readable format that using any commonly used file format (e.g. .csv) that enables automated upload and processing. If reasonably possible, Signal Lift will clean up any anomalies in the first batch of Customer Information, and notify Customer of any corrections to the format that it will require of Customer for future deliveries of Customer Information.

A2. SIGNAL LIFT SERVICES

A2.1 Consultation for Customer's Collection of Customer Information. Signal Lift will provide written instructions and consultation via phone and email to assist Customer in collecting the Customer Information.

A2.2 Transport of Initial Batch of Customer Information. If requested by Customer, Signal Lift will (i) provide portable storage to transport the initial batch of Customer Information to generate the first Report, and (ii) hand deliver the such initial batch of Customer Information from the Customer to the processing facilities. Alternatively, Customer may provide its own portable storage and its own delivery personnel, or Customer may deliver such initial batch using the secure communication described in Section A2.3.

A2.3 Support re Setup of Secure Communications for Transfer of Customer Information. Signal Lift will provide to Customer written instructions and consultation via phone and email to assist Customer's setup of secure communications (SFTP or SCP) for the ongoing transfer of Customer Information. Signal Lift will also provide testing support for such secure communications to ensure that secure communications are working properly.

A2.4 Handling of Customer Information. When the Customer Information is in Signal Lift's possession, it will be accessed only by members of the Signal Lift employees (or other agents authorized in this Agreement). The Customer Information will be encrypted, and access will be restricted to those team members approved using a by-name access list. Customer Information will be treated in accordance with the confidentiality terms set forth in Section 2 of the Standard Terms and Conditions. Customer will not have access to the Customer Information that has been delivered to Signal Lift. At least monthly Signal Lift will delete any Customer Information that is prior to the Analysis Period for the current Report, and Customer understands and acknowledges that once such information is deleted it will not be recoverable or available for further analysis or forensic investigation.

A2.5 Generation and Delivery of Reports. For each Report generated, Signal Lift will analyze the Customer Information that has been transported to Signal Lift to generate Reports for Customer identifying potential unauthorized intrusions into or uses of customer's network, computers, or computer systems. Signal Lift will prepare and deliver such Reports to Customer on the dates set forth on the Cover Page of this Agreement (or not more than 5 days prior to such dates). The Report will include a written analysis of the possible intrusions. If requested by Customer, Signal Lift will also provide a 1 hour consultation via phone for each Report. If requested by Customer in writing, Signal Lift may bill for time exceeding 1 hour per Report at the rates set forth in Section B4 of the Invoicing & Pricing Addendum.

6.5

A2.6 No Removal of Malicious Code. Customer understands that the Services do not include the removal of any malicious code from Customer's network, computers, or computer systems, nor consultation regarding how to remove or remedy any Unauthorized Intrusions.

A3. CUSTOMER'S RESPONSIBILITIES

A3.1 Timely Delivery of Customer Information for Reports. After the transport of the initial batch of Customer Information, Customer is responsible for delivering new Customer Information to Signal Lift at least 14 days prior to the next Report date. Customer may transfer its Customer Information to Signal Lift via secure communications (SFTP or SCP) or at Customer's discretion and cost, Customer may continue to hand-deliver such information to Signal Lift's processing facilities using its own portable media. If Customer uses its own portable media, it warrants that such portable media will have been scanned for viruses using commercially reasonable virus scanning software. Customer understands and agrees that if Customer fails to deliver updated Customer Information to Signal Lift at least 14 days prior to the next Report, Signal Lift will still generate the Report, and Signal Lift has no obligation to delay generating any Report because Customer has failed to timely deliver its Customer Information.

A3.2 Compliance with Customer Information Requirements. Customer is responsible for ensuring that the Customer Information is in an acceptable format specified in Section A1 of this Agreement. If Signal Lift receives Customer Information that is not in an acceptable format or is corrupted, Signal Lift will notify Customer of the problem. Customer shall either redeliver the Customer Information or authorize Signal Lift in writing to correct the Customer Information at the rates set forth in Section B4 of the Invoicing & Pricing Addendum.

A3.3 Remedying Any Unauthorized Intrusions. If the Reports identify any actual or potential Unauthorized Intrusions, it is the Customer's sole responsibility to investigate and if necessary remedy such actual or potential Unauthorized Intrusions.

6.5



Signal Lift™
INVOICING & PRICING ADDENDUM
(Contract Rev. 1.0-SnoPUD)

This Invoicing & Pricing Agreement sets forth the terms of payment of Signal Lift fees and the modifications that may be made to the fees under the Signal Lift™ Service Agreement.

B1. INVOICING & PAYMENT OF QUARTERLY FEES

B1.1 Method of Invoicing. Signal Lift will send invoices via email, facsimile, and/or regular mail to the AP Contact person provided on the signature page of this Agreement. Customer is responsible for notifying Signal Lift if any of the AP contact information should be changed.

B1.2 Payment Due Date; Late Payments. The fees are due and payable at the end of each calendar quarter of service. Any amount that is more than 30 days late will bear interest at the rate of 1.5% per month, compounded monthly from the date due until the date paid.

B1.3 Remedies for Failure to Pay. In the event of any action by Signal Lift to collect any amount not paid when due, Customer will pay or reimburse Signal Lift's costs of collection (including, without limitation, reasonable attorneys' fees and court costs) if Signal Lift is the prevailing party.

B1.4 Taxes. The amounts due under this Agreement do not include any local, state, federal or foreign taxes, levies or duties of any nature ("Taxes"). Customer is responsible for paying all Taxes, excluding only taxes based on Signal Lift's income. If Signal Lift has the legal obligation to pay or collect Taxes for which Customer is responsible under this section, the appropriate amount shall be invoiced to and paid by Customer unless Customer provides Signal Lift with a valid tax exemption certificate authorized by the appropriate taxing authority.

B2. INTENTIONALLY DELETED

B3. RATES FOR ADDITIONAL WORK

Occasionally, customers request that Signal Lift (i) assist with scrubbing of Customer Information to satisfy format requirements for analysis and reporting, (ii) provide additional consulting regarding Reports, or (iii) provide other services. The timing and scope of such work must be agreed to in writing by both parties prior to any such work. If Signal Lift agrees to perform such additional services, Customer agrees to reimburse Signal Lift at the rate of \$250 per hour for such work.

6.5



**Signal Lift™
DARPA ADDENDUM**
(Contract Rev. 1.0)

This DARPA Addendum sets forth the terms under which Signal Lift will assign certain data processing and analysis work for the Customer to the Defense Advanced Research Projects Agency, an instrumentality of the United States Government, having a principal office at 675 North Randolph Street, Arlington, VA ("DARPA").

C1. SIGNAL LIFT CONTRACT WITH DARPA

Signal Lift and DARPA have entered into that certain Data Sharing Agreement dated December 9, 2014 ("the Data Sharing Agreement"), attached hereto as Exhibit 1. Signal Lift will assign certain work to DARPA as described Section C2 of this Addendum (the "DARPA Services"), and Customer hereby authorizes Signal Lift to assign such work to DARPA; provided that Signal Lift shall remain responsible for the Services provided to Customer and DARPA's use of Customer Information. Customer understands and agrees that all work provided by DARPA relating to this Agreement will be pursuant to the terms and conditions of the Data Sharing Agreement.

C2. PARTIAL ASSIGNMENT OF DARPA SERVICES

C2.1 Delivery of Customer Information to DARPA. After obtaining the Customer Information from Customer, Signal Lift will transfer the Customer Information to DARPA in accordance with the transfer procedures and obligations set forth in the Statement of Work Addendum. Signal Lift shall (i) designate all Customer Information as "Proprietary Information" as specified in Section 2 of the Data Sharing Agreement and (ii) ensure that DARPA complies with all data handling requirements set forth in this Agreement and the Data Sharing Agreement.

C2.2 Services Provided by DARPA. DARPA will store and analyze the Customer Information on DARPA-owned servers, and will assist Signal Lift in preparing the Reports for Customer using the Customer Information. Customer hereby authorizes Signal Lift to assign such duties to DARPA, and Signal Lift hereby grant a limited sublicense to DARPA pursuant to Section 1.2 of the Standard Terms & Conditions only to the extent necessary to complete such duties.

C3. NO DARPA LIABILITY

C3.1 Signal Lift Solely Liable for DARPA Services. The assignment of the DARPA Services pursuant to Section C2 of this Addendum does not relieve Signal Lift from any obligations to Customer under this Agreement, and Signal Lift shall be solely responsible and obligated for all Services provided under this Agreement, whether provided by Signal Lift or DARPA.

C3.2 Waiver of Claims Against DARPA. CUSTOMER AGREES THAT IN NO EVENT WILL DARPA BE LIABLE TO CUSTOMER FOR ANY CLAIMS, DAMAGES, OR LOSSES OF ANY KIND, AND CUSTOMER HEREBY IRREVOCABLY WAIVES ANY CLAIMS OR CAUSES OF ACTION AGAINST DARPA, AND COVENANTS TO SIGNAL LIFT NOT TO BRING ANY CLAIMS OR ACTIONS AGAINST DARPA, RELATING TO OR ARISING OUT OF (i) THIS AGREEMENT; (ii) DARPA'S NEGLIGENCE OR INTENTIONAL OR WILLFUL ACTS RELATING TO THE DARPA SERVICES; (iii) DARPA'S BREACH OF THE DATA SHARING AGREEMENT, OR (iv) DARPA'S FAILURE TO PROVIDE THE DARPA SERVICES ON BEHALF OF CUSTOMER OR DARPA'S TERMINATION OF THE DATA PROCESSING AGREEMENT. THE FOREGOING WAIVER AND LIMITATION OF CLAIMS, DAMAGES, AND LOSSES APPLIES TO CAUSES OF ACTION OF ANY KIND, WHETHER ARISING IN TORT (INCLUDING NEGLIGENCE), CONTRACT, OR OTHERWISE, EVEN IF DARPA HAS BEEN INFORMED IN ADVANCE OF THE POSSIBILITY OF SUCH CLAIMS, DAMAGES, OR LOSSES.

6.5

Exhibit 1

DATA SHARING AGREEMENT

- **1E Contract update**
 - On track to complete and ready for commission approval on April 6.
 - NTP on April 7 and start HA/Permit submittal phase April 8
 - 1E expects to sign contract with Tesla the day after signing with the District
 - proposal update – 99% - complete by March 20
 - PSA update – 99% - complete by March 20
 - All Docs to KH by March 25
- **Schedule**
 - Previous complete date – March , 2016 -
 - Revised complete date – August, 2016 – Worst case after “lessons learned” info added in
 - Anticipated complete date – May 2016 – Condensed review and site work schedule
 - Skip HDR review - do in-house instead
 - Move site work in to 2015
- **Payment and Budget**
 - Initial est ---- \$6.6M, 2015 - \$5M, 2016 – \$1.6M
 - Revised est ----- 2015 - \$2.8M, 2016 – \$3.8M
 - Proposed ----- 2015 - \$3.8M, 2016 - \$2.8M
 - Pay 1E the full amount for Tesla at Milestone C ~ Nov 2015
 - 1E holds money and makes partial payments to Tesla
 - Remove District responsibility for payment language completely from PSA
 - Still holding ~\$600K of 1E money till end of project to insure they hold Tesla accountable
 - Need to check with District legal and 1E needs to check tax implications
 - How important is this? Since this is RRF \$s.
- **Issues under discussion**
 - Warranty
 - Good discussions with Tesla – very willing to work with customer and revised as necessary
 - Changed warranty from daily max of 4000kwh to cumulative throughput of 1,460,000 kWh or 10 years – which ever comes first – they will either repair or replace to insure no more than 40% degradation at that point.
 - 1E Payments and milestones
- **Project Costs**
 - 1E cost up by about \$40k for Sound Study and Grounding analysis
 - Verified the 40% discount on the software license (\$300K => \$180k)
 - \$4,026,360 => approx. \$4,046,360
- **Competitive Waiver – KH said not necessary - but need to make sure**
- **Special Facilities Resolution**
 - Per KH – need to demonstrate that we have done due diligence to get the best pricing for the District
 - Review cost comparison spreadsheet

6.6

- **Public Meetings**

- Discussed with Brenda White
 - M1 – SK, CH, BW and JZ met with City of Evt Mayor and Exec team, Public Works, Fire Dept, et - talked about PUD's vision and Project Scope
 - Then Separate meeting to discuss permits
- When should we meet with City of Marysville?
 - After 1E completes the HA? ~ Mid May
- Who should present? CH or CC high level, SG technical
- What should we present? And Where ?

2

6.7

From: Jacobsen, Paul
Sent: Friday, March 13, 2015 4:24 PM
To: Crum, Joe
Subject: FW: Call with SignalLift

Joe,

We talked about this at the Thursday cyber team meeting.

We didn't totally understand what they wanted (this is the DARPA thing that's not DARPA). SignalLift is a commercial venture that came out of work at DARPA. They need tests cases for proof of concept.

"We" volunteered. I'll forward the call information to you. I'll be asking Mike if he can join too.

Thanks,

*Paul Jacobsen,
ITS Security Architect
Snohomish County PUD
Work 425-783-1740
Cell 425-290-2870*

From: Wunder, Todd
Sent: Friday, March 13, 2015 4:13 PM
To: Jacobsen, Paul
Subject: RE: Call with SignalLift

Please make sure that Joe is there. Have you already sank up with him on this? Also, they may only be able to get logs from the log server you had mentioned previously.

From: Jacobsen, Paul
Sent: Friday, March 13, 2015 4:10 PM
To: Thorpe, Chris; Wunder, Todd; Simon, Mike
Subject: Call with SignalLift
Importance: High

I've got a call set up for Tuesday afternoon with SignalLift (Gordon Matlock, Jessica Matlock's husband, she's the PUDs government liaison and Gordon works for the FBI, still?).

What are the specific formats for logs that we need to communicate to them and what is our preference (raw I'm sure).

Thanks,

*Paul Jacobsen,
ITS Security Architect
Snohomish County PUD
Work 425-783-1740
Cell 425-290-2870*